

**Mottville Township
St. Joseph County, Michigan**

Financial Statements

June 30, 2008

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Mottville Township	County St Joseph
Fiscal Year End 6/30/08	Opinion Date 9/11/08	Date Audit Report Submitted to State 9/29/08	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

- YES ☒ NO ☐ Check each applicable box below. (See instructions for further detail.)
- ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
 - ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
 - ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
 - ☒ ☐ The local unit has adopted a budget for all required funds.
 - ☒ ☐ A public hearing on the budget was held in accordance with State statute.
 - ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
 - ☐ ☒ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
 - ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
 - ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
 - ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
 - ☒ ☐ The local unit is free of repeated comments from previous years.
 - ☒ ☐ The audit opinion is UNQUALIFIED.
 - ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
 - ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
 - ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Shirley J. Jones, CPA, PC, Jones' CPA Office DBA		Telephone Number 269-435-7702	
Street Address 100 S. Washington St.		City Constantine	State MI
Authorizing CPA Signature Shirley J. Jones		Zip 49042	License Number 11010 22667

**MOTTVILLE TOWNSHIP
ST. JOSEPH COUNTY, MICHIGAN**

OFFICIARY

Brenda Hagen	Supervisor
Ron Mann	Treasurer
Sherry Medford	Clerk
Jack Keller	Trustee
Carl Kline	Trustee

**Year Ended
June 30, 2008**

MOTTVILLE TOWNSHIP

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Jones' CPA Office

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INDEPENDENT AUDITOR'S REPORT

Mottville Township Board
St. Joseph County, Michigan

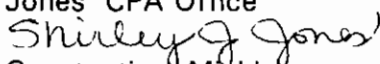
We have audited the accompanying general purpose financial statements of Mottville Township, St. Joseph County, Michigan, as of and for the year ended June 30, 2008, as listed in the table of contents. These financial statements are the responsibility of Mottville Township's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of Mottville Township, St. Joseph County, Michigan, as of June 30, 2008, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, the Township has implemented a new financial reporting model, as required by the provisions of GASB No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*.

The management's discussion and analysis and budgetary comparison information on pages 2 through 5 and 17 through 18, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Jones' CPA Office

Constantine, Michigan
September 11, 2008

Mottville Township Management's Discussion and Analysis

As the Mottville Township Board, we offer readers of these financial statements this narrative overview and analysis of the financial activities of the Township for the year ended June 30, 2008. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. Please consider the information presented here in conjunction with the financial statements and notes that follow.

Overview of the Financial Statements

The Township's basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains budgetary schedules as part of the required supplementary information.

The government-wide financial statements provide a broad view of the Township's operations. These are prepared using the economic resources measurement focus and the accrual basis of accounting. This basically means they follow methods used by most businesses. All revenues and expenses are accounted for within the fiscal year, even if the cash involved has not been received or paid. The government-wide financial statements include two statements. The statement of net assets reports all of the Township's assets and liabilities, with the difference between the two reported as "net assets". Increases or decreases in net assets may help determine if the Township's financial position is improving or deteriorating. The statement of activities presents information that shows how the net assets changed during the most recent year.

The governmental funds financial statements report the Township's operations in more detail. These are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. The governmental fund financial statements provide a short-term view of the finances that help to determine whether there will be sufficient resources available to meet the current needs of the Township.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for government funds with similar information presented for governmental activities in the government-wide statements. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to help with this comparison.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes can be found on pages 12 through 16. The statement regarding the budget is required supplementary information.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of financial position. The Township's net assets total \$730,901 at June 30, 2008. A portion of the Township's net assets (22.13%) is its investment in fixed assets, net of depreciation. Keep in mind that these assets are used to provide township services to the public; consequently, these assets are not available for future spending. Furthermore, a portion of the Township's net assets (41.79% at June 30, 2008 and 6.73% at June 30, 2007) represents resources that are subject to restrictions on how they may be used. The large increase in the restricted portion is due to more money being set aside in the Township Improvement and Budget Stabilization funds during the course of the year ended June 30, 2008. The restricted net asset amount is made up of \$245,457 for the Township Improvement Fund and \$60,000 for the Budget Stabilization Fund. The remaining balance of unrestricted net assets (36.08% or \$263,739 and 68.61% or \$471,361, respectively) may be used to meet ongoing obligations to citizens.

Mottville Township's Net Assets

	<u>June 30, 2008</u>	<u>June 30, 2007</u>
Current assets	\$888,303	\$566,233
Noncurrent assets	0	0
Capital assets	161,705	169,295
Total assets	<u>1,050,008</u>	<u>735,518</u>
Less:		
Current liabilities	<u>(319,107)</u>	<u>(48,602)</u>
Invested in capital	161,705	169,295
Restricted	305,457	46,260
Unrestricted	263,739	471,361
Total net assets	<u>\$730,901</u>	<u>\$686,916</u>

Approximately 29.82% of the Township's total general revenue (\$227,772) came from property taxes, IFT collections, and the summer tax collection fee. The biggest source of general income (45.00% and 46.37%, respectively) was from state revenue sharing. For both years presented, the largest expenditure was general government, which accounted for about 70.39% and 73.54% of the total expenditures. The general government expenditures are reported in more detail in the statement of Revenues, Expenditures, and Changes in Fund Balance on page 9 and the Detailed Statement of Expenditures – General Fund, on pages 19-21.

Mottville Township's Statement of Activities

	<u>June 30, 2008</u>	<u>June 30, 2007</u>
Revenues:		
Program revenues:		
Charges for services	\$16,428	\$17,408
General revenues:		
Property taxes and IFT collections	48,460	49,087
Tax collection fee	19,468	17,115
Road right-of-way	1,688	1,677
State revenue sharing	102,495	101,974
Interest	28,435	25,812
Permits, fees, fines	1,725	2,425
Reimbursements/refunds	15,256	2,962
Miscellaneous	10,245	18,864
Total revenues	<u>244,200</u>	<u>237,324</u>
Expenditures:		
General government	140,940	139,802
Public safety	40,245	39,139
Public works	4,055	3,454
Health and welfare	4,573	1,083
Recreation and culture	2,016	2,359
Township improvement	8,386	4,261
Total expenditures	<u>200,215</u>	<u>190,098</u>
Change in net assets	43,985	47,226
Beginning net assets	<u>686,916</u>	<u>639,690</u>
Ending net assets	<u><u>\$730,901</u></u>	<u><u>\$686,916</u></u>

Fund Statement Financial Analysis

The governmental fund financial statements (as presented in the balance sheet and the statement of revenues, expenditures, and changes in fund balances found on pages 8 and 9) report a combined fund balance of \$569,196. The difference between the combined fund balance and the net assets is \$161,705, which is net capital assets. Similarly, the difference between the change in fund balances and the change in net assets has to do with the reporting of net assets, both depreciable and nondepreciable, as reported in the reconciliation found on page 10.

Budgetary Highlights

The budget was amended on several occasions throughout the year to prevent overruns in several accounts. The actual charges to expenditures in total were \$22,199 below the final budget amounts. The most significant differences were building and grounds which was under by \$5,251 and general government which was under by \$5,037. Actual revenue exceeded budgeted revenue by \$30,624, with property tax collections fees exceeding by \$9,468, refunds and reimbursements exceeding by \$14,706, and fire runs exceeding by \$8,528.

Capital Assets

The Township had \$161,705 invested in capital assets (net of depreciation) as of June 30, 2008. There were no acquisitions for the year, only fencing repair and maintenance issues. Current year depreciation was \$7,590. Additional information regarding capital asset activity is included in the notes to the financial statements. Land is the only nondepreciable asset.

The depreciable assets are building and improvements, computer equipment and software, furniture and fixtures, and other equipment. Items purchased in prior years are recorded at approximate historical cost. It is the Township's policy to record all items that exceed \$500 and have a useful life beyond one reporting period as capital assets. Additionally, all computer equipment and all furniture purchased, even if less than \$500, are reported as capital assets.

Future Operations

We are not expecting any significant changes for next year financially. We are bringing on some new board members and are looking forward to working with them, though we will miss the members being replaced and we thank them for their years of service.

Mottville Township
Statement of Net Assets
June 30, 2008

	<u>Governmental Activities:</u>			
	<u>General</u>	<u>Township</u>	<u>Budget</u>	<u>Total</u>
	<u>Fund</u>	<u>Improvement</u>	<u>Stabilization</u>	<u>Primary</u>
		<u>Fund</u>	<u>Fund</u>	<u>Government</u>
ASSETS				
Current assets:				
Cash	\$131,647	\$0	\$0	\$131,647
Investments	434,857	0	0	434,857
Due from tax collection account	294	0	0	294
Due from other units	2,553	0	0	2,553
Accounts receivable	13,495	0	0	13,495
Due from other funds	0	245,457	60,000	305,457
Total current assets	582,846	245,457	60,000	888,303
Capital assets:				
Nondepreciable:				
Land	0	15,000	0	15,000
Depreciable (net of depreciation):				
Building and improvements	0	138,842	0	138,842
Furniture and fixtures	232	0	0	232
Computer equipment and software	478	0	0	478
Machinery and equipment	7,153	0	0	7,153
Total capital assets	7,863	153,842	0	161,705
Total assets	590,709	399,299	60,000	1,050,008
LIABILITIES				
Current liabilities:				
Accounts payable	76	0	0	76
Due to other units	11,193	0	0	11,193
Due to other funds	305,457	0	0	305,457
Accrued payroll taxes	2,381	0	0	2,381
Total current liabilities	319,107	0	0	319,107
NET ASSETS				
Invested in capital assets	7,863	153,842	0	161,705
Restricted	0	245,457	60,000	305,457
Unrestricted	263,739	0	0	263,739
	<u>\$271,602</u>	<u>\$399,299</u>	<u>\$60,000</u>	<u>\$730,901</u>

See accompanying notes to financial statements.

Mottville Township
Statement of Activities
For the Year Ended June 30, 2008

Functions		Program Revenues Charges for Services	Net (Expense) Revenue Primary Government Governmental Activities
Primary Government	<u>Expenses</u>		
Governmental Activities:			
General government	\$140,940	\$1,900	(\$139,040)
Public safety	40,245	14,528	(25,717)
Highways and streets	4,055	0	(4,055)
Health and welfare	4,573	0	(4,573)
Recreation and culture	2,016	0	(2,016)
Township improvement	8,386	0	(8,386)
Total governmental activities	<u>\$200,215</u>	<u>\$16,428</u>	<u>(183,787)</u>
General Revenues			
Taxes:			
Property taxes			44,908
IFT taxes			3,552
Tax collection fee			19,468
State revenue sharing			102,495
Licenses and permits			1,725
Cemetery lot sales			2,200
Interest earned			28,435
Refunds and reimbursements			15,256
Road right-of-way income			1,688
Miscellaneous			8,045
Total general revenues			<u>227,772</u>
Changes in net assets			43,985
Net assets - beginning of year			<u>686,916</u>
Net assets - end of year			<u>\$730,901</u>

See accompanying notes to financial statement.

Mottville Township
Balance Sheet – Governmental Funds
June 30, 2008

	<u>General Fund</u>	<u>Township Improvement Fund</u>	<u>Budget Stabilization Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Current assets:				
Cash	\$131,647	\$0	\$0	\$131,647
Investments	434,857	0	0	434,857
Due from tax collection account	294	0	0	294
Due from other units	2,553	0	0	2,553
Accounts receivable	13,495	0	0	13,495
Due from other funds	0	245,457	60,000	305,457
Total assets	<u>\$582,846</u>	<u>\$245,457</u>	<u>\$60,000</u>	<u>\$888,303</u>
LIABILITIES				
Current liabilities:				
Accounts payable	\$76	\$0	\$0	\$76
Due to other units	11,193	0	0	11,193
Due to other funds	305,457	0	0	305,457
Accrued payroll taxes	2,381	0	0	2,381
Total liabilities	319,107	0	0	319,107
FUND BALANCES				
Restricted	0	245,457	60,000	305,457
Unrestricted	263,739	0	0	263,739
Total fund balances	263,739	245,457	60,000	569,196
Total liabilities and fund balance	<u>\$582,846</u>	<u>\$245,457</u>	<u>\$60,000</u>	<u>\$888,303</u>

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets

Total fund balances - governmental	\$569,196
Capital assets used in government activities are not financial resources and therefore are not reported in the funds	161,705
Net assets of governmental activities	<u>\$730,901</u>

See accompanying notes to financial statements.

Mottville Township
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2008

	General Fund	Township Improvement Fund	Budget Stabilization Fund	Total Governmental Funds
REVENUES				
Property taxes	\$44,908	\$0	\$0	\$44,908
IFT taxes	3,552	0	0	3,552
Tax collection fee	19,468	0	0	19,468
State revenue sharing	102,495	0	0	102,495
Licenses and permits	1,725	0	0	1,725
Cemetery lot sales	2,200	0	0	2,200
Charge for services:				
Grave openings	1,900	0	0	1,900
Fire runs	14,528	0	0	14,528
Interest earned	25,113	3,322	0	28,435
Refunds and reimbursements	15,256	0	0	15,256
Road right-of-way income	1,688	0	0	1,688
Miscellaneous	8,045	0	0	8,045
Total revenues	<u>240,878</u>	<u>3,322</u>	<u>0</u>	<u>244,200</u>
EXPENDITURES				
General government:				
Township board	38,963	0	0	38,963
Supervisor	12,000	0	0	12,000
Elections	2,652	0	0	2,652
Assessor	18,200	0	0	18,200
Clerk	16,148	0	0	16,148
Board of review	667	0	0	667
Treasurer	19,600	0	0	19,600
Building and grounds	20,969	4,125	0	25,094
Cemetery	8,412	0	0	8,412
Capital outlay	0	0	0	0
Total general government	<u>137,611</u>	<u>4,125</u>	<u>0</u>	<u>141,736</u>
Public safety:				
Fire protection	30,000	0	0	30,000
Planning and zoning	8,241	0	0	8,241
Enforcement officer	2,004	0	0	2,004
Total public safety	<u>40,245</u>	<u>0</u>	<u>0</u>	<u>40,245</u>
Highways and streets	4,055	0	0	4,055
Health and welfare	4,573	0	0	4,573
Recreation and culture	2,016	0	0	2,016
Total expenditures	<u>188,500</u>	<u>4,125</u>	<u>0</u>	<u>192,625</u>
OPERATING TRANSFERS IN (OUT)	(260,000)	215,000	45,000	0
Excess (Deficiency) of revenues over (under) expenditures	(207,622)	214,197	45,000	51,575
Fund balance - beginning	<u>471,361</u>	<u>31,260</u>	<u>15,000</u>	<u>517,621</u>
Fund balance - ending	<u>\$263,739</u>	<u>\$245,457</u>	<u>\$60,000</u>	<u>\$569,196</u>

See accompanying notes to financial statements.

Mottville Township
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund
Balances – Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2008

Net change in fund balances - total governmental funds	\$51,575
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Amounts reported for governmental activities in the statement of activities are different because of the following:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

This is the amount by which capital outlay (\$0) was exceeded by depreciation (\$7,590)	(7,590)
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Change in net assets of governmental activities	<u><u>\$43,985</u></u>
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Mottville Township
Statement of Assets and Liabilities
Agency Fund – Tax Collections
June 30, 2008

ASSETS

Cash

\$294

LIABILITIES

Due to township general fund

\$294

See accompanying notes to financial statements.

MOTTVILLE TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Township operates under an elected board of five members and provides services to its almost 4,200 residents in many areas including road maintenance, fire, protection, ambulance service, planning and zoning, and general administrative services.

The Township's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments. Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The Township has implemented GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.

A. REPORTING ENTITY

This report includes all funds of the Township. As defined by GASB No. 14, component units are legally separate entities that are included in the Township's reporting entity because of the significance of their operating or financial relationships with the Township. The criteria established by GASB for determining the various governmental organizations to be included in the reporting entity's financial statements include oversight responsibility, scope of public service, and special financing relationships. On this basis, the financial statements of certain other governmental organizations are not included in the financial statements of the Township. Education services are provided to citizens through local school districts which are separate governmental entities. Fire service and road construction and maintenance are provided by or contracted to other local or county governmental units.

B. BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS

The Township's basic financial statements include both government-wide and fund financial statements. Both the government-wide and fund financial statements categorize primary activities as either governmental or business. The Township has only governmental activities.

The government-wide Statement of Net Assets reports activities on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Township's net assets are reported in three parts—invested in capital assets; restricted net assets; and unrestricted net assets.

The government-wide Statement of Activities reports both the gross and net cost of each of the Township's functions. The gross expenses, including depreciation, are reduced by related program revenues. The functions are also supported by general government revenues.

This government-wide focus is more on the sustainability of the Township as a whole and the change in the Township's net assets resulting from the current year's activities.

C. BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS

The financial transactions of the Township are reported in individual fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures. The following fund types are used by the Township:

1. Governmental Funds:

The focus of the governmental funds' measurement is upon determination of financial position and changes in financial position rather than upon net income. The Township's general fund is used to account for all financial transactions of the Township not accounted for in another fund. Revenues are derived primarily from property taxes and expenditures of the Township not recorded elsewhere.

Township Improvement and Budget Stabilization Funds – the Township Improvement fund is used to account for basically all capital expenditures related to improvements to or purchases of real property. The Budget Stabilization Fund has not had any activity in several years.

2. Fiduciary Fund:

Fiduciary funds are used to report assets held in a trustee or agency capacity for others. The assets are not available to support Township programs. The reporting focus is on net assets and changes in net assets. The Township's only fiduciary fund is the tax collection fund which is an agency fund—the Township is acting in a purely custodial capacity for other governmental units. Since by definition these assets are being held for distribution to other local governments and cannot be used to address activities or obligations of the Township, these funds are not incorporated into the government-wide statements.

D. BASIS OF ACCOUNTING

The term basis of accounting refers to the point at which revenues or expenditures are recognized in the accounts and reported in the financial statements. It relates to when a transaction or event is recognized and reported, regardless of the measurement focus applied. The measurement focus is used to denote what is being measured and recorded.

The accrual basis of accounting is used to report transactions in the government-wide financial statements. Revenues are recognized when earned and expenditures are recognized when incurred.

The modified accrual basis of accounting is used by the fund financial statements. Under this basis of accounting, revenues are recorded when they are both measurable and available. "Available" means collectible within the current period or within sixty days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred.

E. FINANCIAL STATEMENT AMOUNTS

1. Cash and investments – The amount reported as cash on the financial statements is money that is in checking and savings accounts. The amount reported as investments is in certificates of deposit.

2. Capital assets – Capital assets reported in the government-wide financial statements are defined by the Township as assets with an initial cost of \$500 or more and an estimated useful life in excess of one year, with the exception of computer equipment and furniture, which are always recorded as capital assets. The depreciable assets are recorded at historical cost or as close to historical cost as could be determined. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. A complete capital asset inventory was taken prior to implementing the new reporting model.

Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and additions	40 year
Building improvements	10 – 40 years
Furniture and fixtures	10 years
Computer equipment and software	5 years
Fire equipment	10 years
Other equipment	10 years

3. Revenues – Substantially all governmental fund revenues are reported on the accrual basis, since property taxes are billed and collected within the same period, or within sixty days of the end of the period, in which they are levied.

4. Expenditures – Expenditures are reported when the related liability is incurred.

F. RESTRICTED FUND BALANCES

The restricted fund balance is money that is earmarked for future purchases of capital assets generally relating to the purchase or improvement of real property.

NOTE II – COMPLIANCE AND ACCOUNTABILITY

Budgetary considerations – A budget for the general fund is required by state law. The June 2008 budget was proposed and adopted at the June 2007 meeting. The budget was closely monitored and was amended several times during the year to prevent overruns in various accounts.

NOTE III – ASSETS

A. Cash and investments

The Township's deposits are held at four different banks in the name of the Township. All deposits are in accordance with statutory authority. The bank deposits are categorized below to give an indication of the risk assumed by the Township. The difference between the carrying amount and the bank balance is several outstanding checks, all of which cleared in the subsequent month.

- ✦ Category 1 includes insured or collateralized deposits with securities held by the Township or its agent in the Township's name.
- ✦ Category 2 includes collateralized deposits with securities held by the pledging financial institution's trust department or agent in the Township's name.
- ✦ Category 3 includes uninsured and uncollateralized deposits. This includes any bank balance that is collateralized with securities held by the pledging institution, or by its trust department or agent, but not in the Township's name.

<u>Category</u>	<u>Carrying Amount</u>	<u>Bank Balance</u>
1	\$332,399	\$332,399
Over FDIC Limit	<u>234,105</u>	<u>239,960</u>
Totals	<u>\$566,504</u>	<u>\$572,359</u>

B. Receivables

Due from tax collection account - Properties taxes are levied December 1 and payable by February 14. At the settlement date, March 1, the unpaid taxes are turned into the county. The county pays the Township for the delinquent real property taxes. The Township treasurer continues to collect the delinquent personal property taxes. The 2007ad valorem taxes levied consisted of .9521 mills, for Township operating purposes. The due from tax collection account is the amount in the tax checking that belongs to the Township.

Due from other units – This amount is due from the County for the overpayment on the IFT collections.

Accounts receivable – This amount is the total of the unpaid fire bills.

C. Change in Capital Assets

Current year depreciation expense was \$7,590. Changes in capital assets were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Nondepreciable assets:				
Land	\$15,000	\$0	\$0	\$15,000
Depreciable assets:				
Buildings and improvements	169,574	0	0	169,574
Furniture and fixtures	6,570	0	0	6,570
Computer equipment/software	9,269	0	0	9,269
Other equipment	30,620	0	0	30,620
Total depreciable assets	<u>216,033</u>	<u>0</u>	<u>0</u>	<u>216,033</u>
Less accumulated depreciation:				
Buildings and improvements	26,471	4,261	0	30,732
Furniture and fixtures	6,224	114	0	6,338
Computer equipment/software	8,230	561	0	8,791
Other equipment	20,813	2,654	0	23,467
Total accumulated depreciation	<u>61,738</u>	<u>7,590</u>	<u>0</u>	<u>69,328</u>
Net depreciable assets	<u>154,295</u>	<u>(7,590)</u>	<u>0</u>	<u>146,705</u>
Net total capital assets	<u>\$169,295</u>	<u>\$(7,590)</u>	<u>\$0</u>	<u>\$161,705</u>

NOTE IV – LIABILITIES

Due to other funds - The due to other funds represents money that is held in the General Fund checking account that belongs to the Township Improvement Fund (\$245,457) and the Budget Stabilization Fund (\$60,000). The interest earned by all bank deposits is split between the General Fund (85%) and the Township Improvement Fund (15%).

Due to other units – This represents the portion of the IFT collection that had not been disbursed at year end.

NOTE V – INSURANCE RISK

The Township's insurance for Workers' Compensation, General Liability and Property Loss and fleet insurance is carried by an insurance company. The Township is not self-insured other than for minimal deductibles. No known material claims are outstanding.

Mottville Township
Statement of Revenues, Expenditures, and Changes in Fund Balance-
Original Budget, Final Budget, and Actual – General Fund
For the Year Ended June 30, 2008

	<u>Budgeted Amounts:</u>		Actual Amounts Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$56,000	\$56,000	\$44,908	(\$11,092)
IFT taxes	0	0	3,552	3,552
Tax collection fee	10,000	10,000	19,468	9,468
State revenue sharing	100,000	100,000	102,495	2,495
Licenses and permits	900	900	1,725	825
Cemetery lot sales	1,600	1,600	2,200	600
Charges for services:				
Grave openings	1,600	1,600	1,900	300
Fire runs	6,000	6,000	14,528	8,528
Interest earned	22,604	22,604	25,113	2,509
Refunds and reimbursements	550	550	15,256	14,706
Road right-of-way income	1,500	1,500	1,688	188
Miscellaneous	9,500	9,500	8,045	(1,455)
Total revenues	<u>210,254</u>	<u>210,254</u>	<u>240,878</u>	<u>30,624</u>
EXPENDITURES				
General government:				
Township board	33,210	44,000	38,963	5,037
Supervisor	12,250	12,250	12,000	250
Elections	3,650	3,850	2,652	1,198
Assessor	19,450	18,501	18,200	301
Clerk	16,060	17,538	16,148	1,390
Board of review	750	760	667	93
Treasurer	19,150	19,995	19,600	395
Building and grounds	25,550	26,220	20,969	5,251
Cemetery	9,500	10,310	8,412	1,898
Capital outlay	0	0	0	0
Total general government	<u>139,570</u>	<u>153,424</u>	<u>137,611</u>	<u>15,813</u>
Public safety:				
Fire protection	30,000	30,000	30,000	0
Planning and zoning	8,490	8,875	8,241	634
Enforcement officer	5,000	5,000	2,004	2,996
Total public safety	<u>43,490</u>	<u>43,875</u>	<u>40,245</u>	<u>3,630</u>
Highways and streets	5,400	5,400	4,055	1,345
Health and welfare	5,000	5,000	4,573	427
Recreation and culture	3,000	3,000	2,016	984
Total expenditures	<u>196,460</u>	<u>210,699</u>	<u>188,500</u>	<u>22,199</u>
OPERATING TRANSFERS IN (OUT)	(260,000)	(260,000)	(260,000)	0
Excess (Deficiency) of revenues over (under) expenditures	(246,206)	(260,445)	(207,622)	52,823
Fund balance - beginning	<u>471,361</u>	<u>471,361</u>	<u>471,361</u>	<u>0</u>
Fund balance - ending	<u>\$225,155</u>	<u>\$210,916</u>	<u>\$263,739</u>	<u>\$52,823</u>

See accompanying notes to financial statements.

Mottville Township
Statement of Revenues, Expenditures, and Changes in Fund Balance –
Original Budget, Final Budget, and Actual – Township Improvement Fund
For the Year Ended June 30, 2008

	Budgeted Amounts:		Actual Amounts Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Interest income	\$0	\$0	\$3,322	\$3,322
EXPENDITURES				
Repairs and maintenance	16,000	16,000	4,125	11,875
Total expenditures	16,000	16,000	4,125	11,875
OPERATING TRANSFERS IN (OUT)	215,000	215,000	215,000	0
Excess (Deficiency) of revenues over (under) expenditures	(16,000)	(16,000)	214,197	230,197
Fund Balance - beginning	31,260	31,260	31,260	0
Fund Balance - ending	<u>\$15,260</u>	<u>\$15,260</u>	<u>\$245,457</u>	<u>\$230,197</u>

See accompanying notes to financial statements.

Mottville Township
Detailed Statement of Expenditures – General Fund
For the Year Ended June 30, 2008

GENERAL GOVERNMENT

Township board:

Salary - Trustees	\$4,965
Payroll taxes	5,871
Legal fees	14,396
Audit fees	2,070
Community promotion	2,375
Insurance and bonds	1,132
Supplies	411
Miscellaneous	7,071
Printing and publishing	672
Capital outlay	<u>0</u>

Total Township Board	38,963
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Supervisor:

Salary	12,000
Mileage	<u>0</u>

Total Supervisor	12,000
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Elections:

Wages	2,130
Supplies	226
Printing and publishing	123
Mileage	<u>173</u>

Total Elections	2,652
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Assessor:

Wages	15,000
Wages - land division administrator	1,200
Office supplies	1,051
Assessment roll preparation	949
Printing and publishing	0
Education and training	0
Miscellaneous	0
Mileage	<u>0</u>

Total Assessor	18,200
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Clerk:

Salary	14,260
Salary - deputy clerk	275
Supplies	1,168
Mileage	317
Education	<u>128</u>

Total Clerk	16,148
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See accompanying notes to financial statements.

Mottville Township
Detailed Statement of Expenditures – General Fund – Continued
For the Year Ended June 30, 2008

Board of Review:

Per diem	510
Supplies	0
Printing and publishing	157
Miscellaneous	<u>0</u>

Total Board of Review	667
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Treasurer:

Salary	13,200
Salary - deputy treasurer	825
Office supplies	880
Tax roll preparation	3,842
Mileage	853
Miscellaneous	<u>0</u>

Total Treasurer	19,600
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Building and Grounds:

Operating supplies	916
Communications	1,627
Insurance	9,824
Electricity	1,127
Heat	3,640
Building maintenance	1,356
Equipment	0
Contractual services	2,230
Equipment lease	<u>249</u>

Total Building and Grounds	20,969
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Cemetery:

Grave openings	1,712
Salary - employees	2,460
Operating supplies	1,107
Electricity	208
Repairs and maintenance	165
Mowing and plowing	2,760
Capital outlay	<u>0</u>

Total Cemetery	<u>8,412</u>
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Total General Government	137,611
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Mottville Township
Detailed Statement of Expenditures – General Fund – Continued
For the Year Ended June 30, 2008

PUBLIC SAFETY		
Fire Protection:		
Contractual services		30,000
Planning and Zoning:		
Salary		7,460
Office supplies		0
Printing and publishing		347
Mileage		13
Miscellaneous		185
Land use ordinance		<u>236</u>
Total Planning and Zoning		8,241
Enforcement Officer:		
Contractual services		<u>2,004</u>
Total Public Safety		40,245
HIGHWAYS AND STREETS		
Contractual services		930
Streetlights		<u>3,125</u>
Total Highways and Streets		4,055
HEALTH AND WELFARE		
Ambulance service		4,573
RECREATION AND CULTURE		
Canoe Park:		
Wages		1,250
Supplies		0
Miscellaneous		<u>766</u>
Total Recreation and Culture		<u>2,016</u>
Total Expenditures		<u><u>\$188,500</u></u>

See accompanying notes to financial statements.

Mottville Township
Current Tax Collections Fund
Statement of Cash Receipts and Disbursements
For the Year Ended June 30, 2008

Cash balance - beginning	\$1,471
Cash receipts:	
Current tax collections	1,395,035
IFT collections	166,929
Administrative fee	18,124
County dog licenses	460
Interest earned	5,895
Overpayments	<u>4,182</u>
Total cash receipts	<u>1,590,625</u>
Total cash available	1,592,096
Cash disbursements:	
To county:	
Combined levies	886,111
Dog licenses	419
To school districts:	
Constantine	77,667
White Pigeon	430,491
Mottville Township	76,000
State of Michigan - IFT	116,027
Bank fees and NSF checks	905
Refund of overpayments	<u>4,182</u>
Total cash disbursements	<u>1,591,802</u>
Cash balance - ending	<u><u>\$294</u></u>

See accompanying notes to financial statements.

Jones' CPA Office

Shirley J. Jones, CPA

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To the Supervisor and Board
Mottville Township
St. Joseph County, Michigan

We are writing this letter in conjunction with the audit of the financial records for the Township of Mottville. We have audited the general purpose financial statements of the Township of Mottville, St. Joseph County, Michigan, as of and for the year ended June 30, 2008, and have issued our report thereon dated September 11, 2008. We conducted our audit in accordance with generally accepted auditing standards. We will forward to the State of Michigan their required copies of the report.

Numerous problems were encountered when auditing the tax collection account this year. The end result is that the county was overpaid by \$2,552.90 for the summer IFT collection and the IFT funds collected for the White Pigeon school sinking fund (\$11,193) were never disbursed. The county has issued a check to the Township to correct that error and a check needs to be issued as soon as possible for the sinking fund money. There was not an adequate paperwork trail to follow, so resolving the issue was very time consuming. Much more attention to detail needs to be paid to the tax collection and disbursement process.

There were also several errors in recording cash receipts. For example, the road right-of-way money was posted to interest income. The other issue here is that a receipt voucher should be filled out for every receipt of money.

Lastly, the balance due to the Township Improvement Fund is off by \$620 on the monthly Treasurer's report. One of the road brining bills was deducted from that Fund.

Thank you for your cooperation during the course of the audit. Please call at any time if you have questions.

Jones' CPA Office

Shirley J Jones

Constantine, Michigan
September 11, 2008

*The IFT money due
to White Pigeon School
was disbursed on
September 22, 2008.*